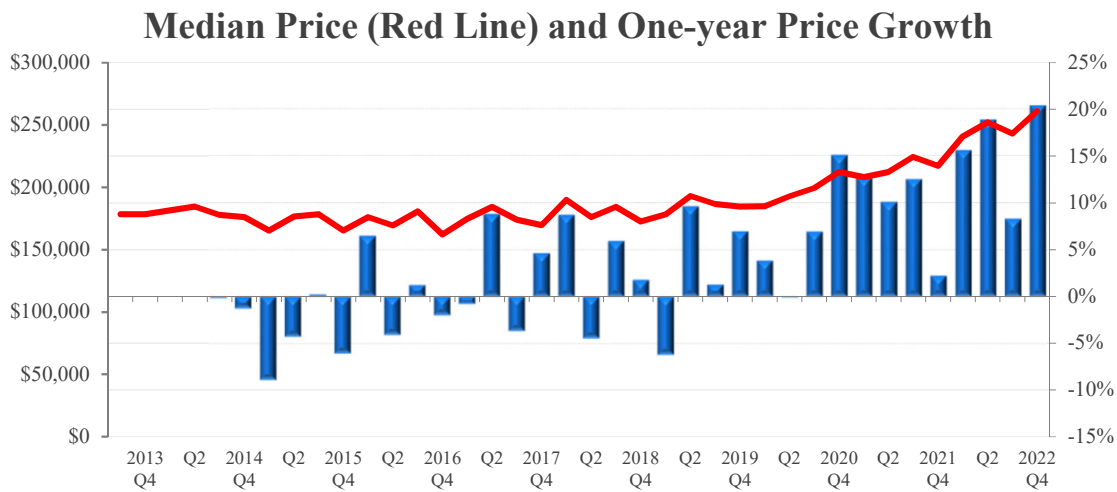


Farmington Area

Local Market Report, Fourth Quarter 2022

Today's Market...



Local Price Trends			
Price Activity	Farmington	U.S.	Local Trend
Current Median Home Price (2022 Q4)	\$261,200	\$372,667	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2022 Q4)	20.3%	4.2%	
3-year (12-quarter) Appreciation (2022 Q4)	41.5%	36.9%	
3-year (12-quarter) Housing Equity Gain*	\$76,600	\$100,367	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$95,800	\$151,900	
9-year (36 quarters) Housing Equity Gain*	\$82,800	\$175,767	

*Note: Equity gain reflects price appreciation only

	Farmington	U.S.	
Conforming Loan Limit**	\$726,200	\$1,089,300	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$472,030	\$1,089,300	
Local Median to Conforming Limit Ratio	36%	not comparable	

Note: limits are current and include the changes made on January 1st 2023.

Local NAR Leadership

The Farmington market is part of region 11 in the NAR governance system, which includes all of Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada. The 2023 NAR Regional Vice President representing region 11 is Kevin Sigstad.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2022 Q4 from quarter in which home was of purchased

Price Activity	Farmington	U.S.	Local Trend
1-year (4-quarter)	\$48,154	\$21,777	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$86,286	\$114,655	
5-year (20-quarter)*	\$106,508	\$147,773	
7-year (28 quarters)*	\$117,052	\$180,265	
9-year (36 quarters)*	\$111,954	\$207,943	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand...

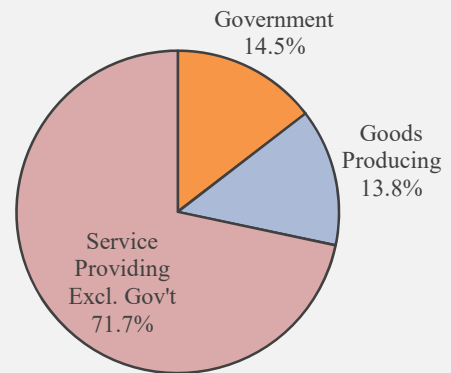
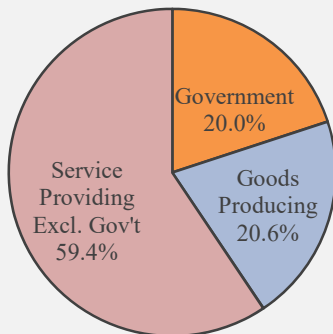


Local Economic Outlook	Farmington	U.S.	
12-month Job Change (Dec)	-500	Not Comparable	Employment continues to decline and will weigh on demand in some areas
12-month Job Change (Nov)	0	Not Comparable	
36-month Job Change (Dec)	-3,600	Not Comparable	Farmington's unemployment rate lags the national average, but has improved relative to the same period last year
Current Unemployment Rate (Dec)	4.1%	3.5%	
Year-ago Unemployment Rate	6.2%	3.9%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-1.1%	4.3%	

Share of Total Employment by Industry

Farmington Area

U.S.



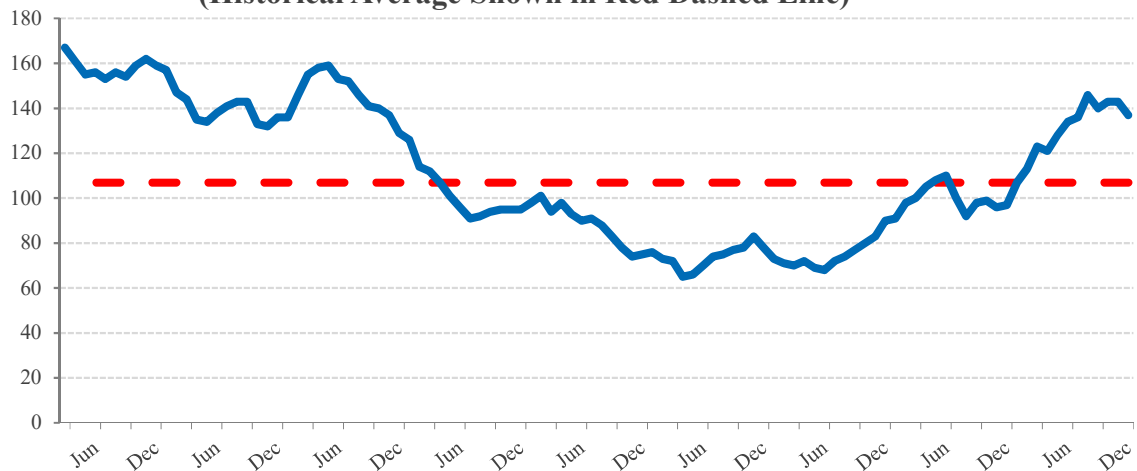
12-month Employment Change by Industry (Dec - 2022)

Goods Producing	1,300	Information	NA
Natural Resources/Mining/Construction	NA	Financial Activities	NA
Natural Resources and Mining	NA	Prof. & Business Services	NA
Construction	NA	Educ. & Health Services	NA
Manufacturing	NA	Leisure & Hospitality	NA
Service Providing Excluding Government	-1,300	Other Services	NA
Trade/Transportation/Utilities	NA	Government	-1,800

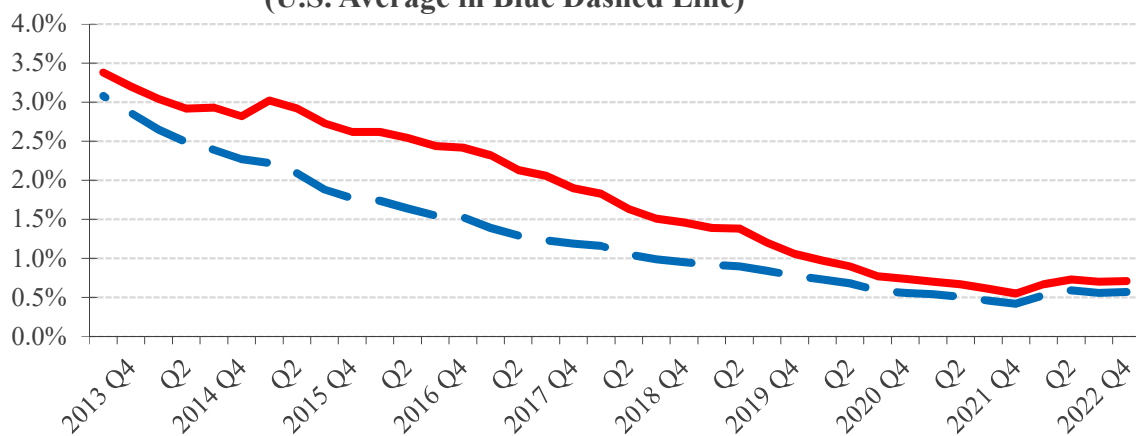
State Economic Activity Index	New Mexico	U.S.	
12-month change (2022 - Dec)	6.0%	4.1%	The economy of New Mexico has outpaced the rest of the nation and improved modestly from last month's 6.01% change
36-month change (2022 - Dec)	7.0%	5.4%	

New Housing Construction			
Local Fundamentals	Farmington	U.S.	
12-month Sum of 1-unit Building Permits through Dec	137	not comparable	The current level of construction is 28.1% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	107	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Dec) 12-month sum vs. a year ago	41.2%	-13.2%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)

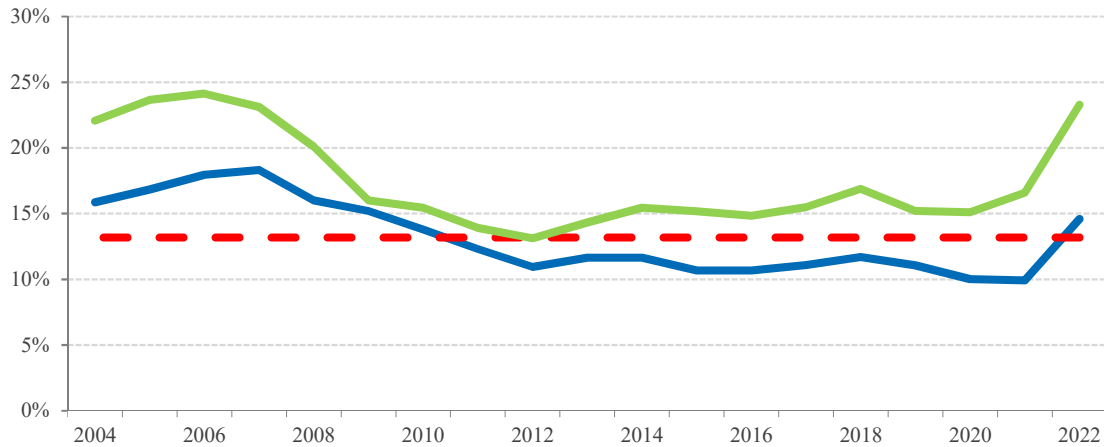


State Total Foreclosure Rate vs. U.S Average
(U.S. Average in Blue Dashed Line)



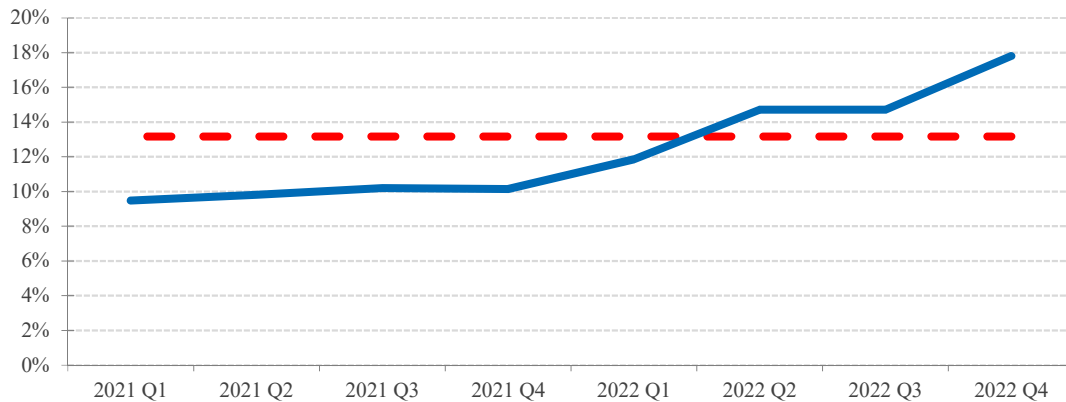
Affordability

Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

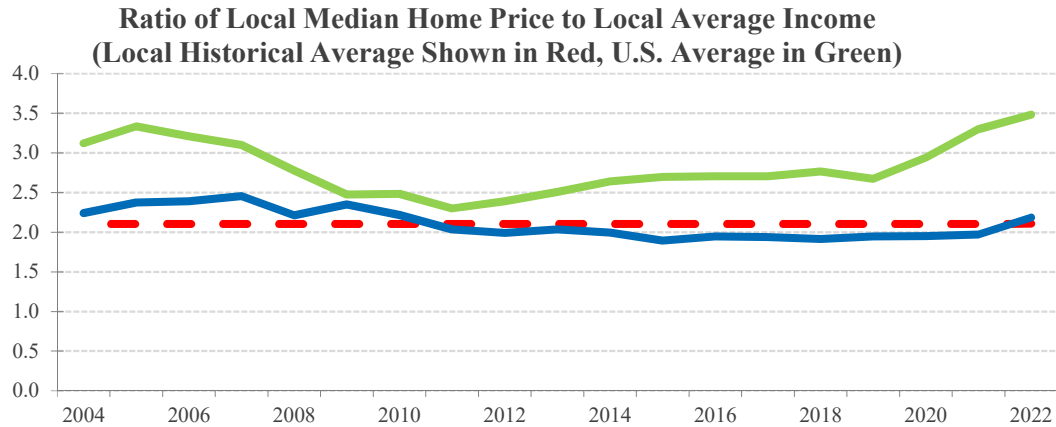


Monthly Mortgage Payment to Income	Farmington	U.S.	
Ratio for 2022	14.6%	23.3%	Weak by local standards and could weigh on demand
Ratio for 2022 Q4	17.8%	24.5%	
Historical Average	13.2%	17.8%	More affordable than most markets

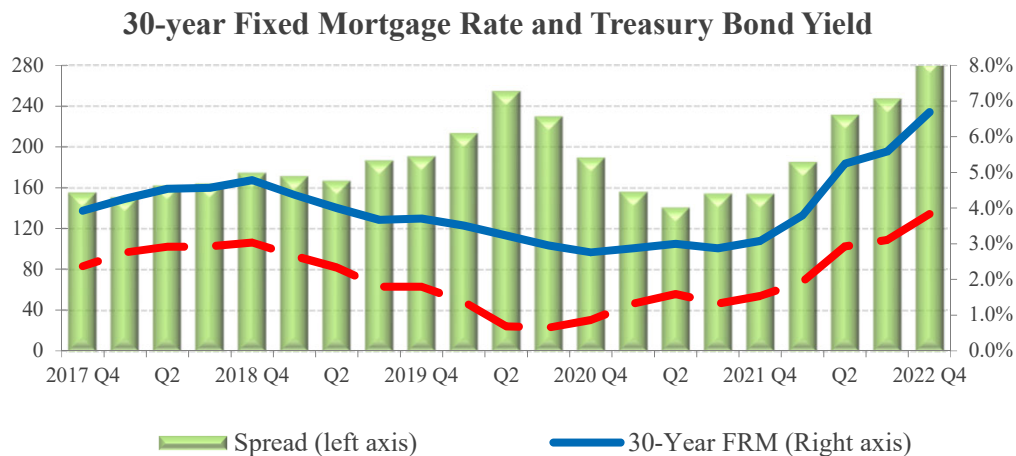
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Farmington	U.S.	
Ratio for 2022	2.2	3.5	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2022 Q4	2.3	3.2	
Historical Average	2.1	2.8	Affordable compared to most markets



The Mortgage Market



In the last quarter of 2022, mortgage rates surpassed twice the 7 percent threshold. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 6.7 percent in Q4 2022 from 3.1 percent a year earlier. However, rates started to move down in December as inflation slowed down. For the first-time in the last couple of years, inflation rate was lower than a year ago. Prices continue to increase but slower than the previous year. As long as inflation eases, mortgage rates will continue to drop. NAR forecasts the 30-year fixed mortgage rate to average 6.1 percent in Q1 2023.

Geographic Coverage for this Report

The Farmington area referred to in this report covers the geographic area of the Farmington metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

San Juan County

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/

